

Report Highlights

Department of State: Records Management

September 2001

The Archives and Records Program within the Department of State is commonly referred to as State Archives. This program oversees the management and preservation of state records. State Archives helps agencies develop retention schedules that show how long a series of records must be kept. The program operates a Records Center where agencies store boxes of records and also provides microfilm services. In addition, State Archives sets policies that govern the type of media to be used for records storage.



The 16,320 square foot Records Center currently holds an estimated 40,000 boxes of government records.

Audit Results

- State Archives' imaging policy and lack of a strong information technology component promote the costly retention of paper records.
- Government entities are not penalized for failing to develop records retention schedules. Approximately 90% of state government entities that are required to submit retention schedules to State Archives have not. As a result, these entities are likely using costly storage space to store records that are no longer valuable.
- Agencies report having to wait from two weeks to six months to have their records accepted by the Records Center.
- At least one-third of the 40,000 boxes of records in the Records Center are not disposed of timely. This situation ties up shelf space and is one reason why agencies must wait to have records accepted by the Records Center.
- State Archives' Microfilm section charges government agencies more for microfilming than private microfilm vendors do.

Is the use of electronic imaging reducing the demand for storage space?

What We Found

- State Archives' lack of an information technology component and lack of electronic imaging standards are inconsistent with recommendations from national organizations and are not in keeping with the practices of other states surveyed during the audit.



- State Archives' electronic imaging policy promotes the costly retention of paper records in agency facilities and private storage

facilities. The policy generally requires that the paper or a microfilm copy be retained if the electronically imaged record is *permanent* (retention value greater than 10 years).

- Even though State Archives' policy allows for disposal of electronically imaged *temporary records* (records with retention values of 10 years or less), some agencies are still incurring costs to store these paper originals.

Recommendations

- ✓ The Department of State should work with the Office of Information Technology within the Division of Administration to develop a comprehensive plan for records management that addresses the long-term storage of *permanent records* (records with retention values greater than 10 years). The department, with guidance from the Office of Information Technology, should also develop electronic imaging standards and provide information technology assistance to government agencies.

- ✓ The Department of State should encourage agencies to dispose of paper originals of electronically imaged *temporary records* (records with retention periods of 10 years or less) to reduce demand for paper storage.

Does the Archives and Records Program's use of retention schedules ensure efficient use of its Records Center?

What We Found

- The Records Center accepts records from agencies that do not have retention schedules. This practice slows the process of accepting records because Records Center staff must examine the records and set retention periods for them.
- State law directs agencies to obtain authorization from the state archivist before disposing of records that are in the agencies' possession. This requirement is redundant for agencies that have a retention schedule because the state archivist has already approved the disposal dates through the retention schedule.
- State law requires agencies to submit a retention schedule to State Archives for approval. However, approximately 90% of state agencies that are required to submit a retention schedule have not. Agencies' noncompliance increases the risk that agencies may be using costly storage space for expired records or disposing of records too soon.

Recommendations

- ✓ The Department of State should impose a fee on agencies that submit records without retention schedules to the Records Center. The fee would cover costs associated with additional time and effort spent by Records Center staff in determining retention periods for the records.

- ✓ The Department of State should post instructions for developing retention schedules on its Web site.

Matters for Legislative Consideration

- ✓ The legislature may wish to impose a fee on agencies without retention schedules that attempt to store records in the Records Center.
- ✓ The legislature may wish to consider amending R.S. 44:411(A)(2) to delete the requirement that agencies with approved retention schedules have to request authorization from the Department of State before destroying records in the agencies' possession.
- ✓ The legislature may wish to consider amending R.S. 44:411(A)(1) to include penalties for agencies that do not submit retention schedules to the Department of State.

Are the Records Center's customers satisfied with its services?

What We Found

- ➔ Agencies must wait from two weeks to six months for the Records Center to accept their records. As a result, some agencies are temporarily storing records in hallways and offices of their facilities while waiting for space to become available. Other agencies are incurring costs to store records in private facilities.

- ➔ A Records Center official estimates that one-third of the 40,000 boxes of records in the Records Center contain expired records. We sampled 1,725 boxes and found that 1,139 (66%) contained expired



records. Records Center officials attribute the storage of so many expired records to a shortage of staff.

- ➔ Before disposing of expired records, State Archives waits for customer agencies to send written authorization to dispose. This policy contributes to the backlog of expired records in the Records Center because some agencies do not respond. State law requires only that the state archivist *inform* Records Center customers of intended disposal of expired records.

Recommendations

- ✓ The Department of State should schedule customers for the records intake process and also schedule time solely for the removal of expired records from the Records Center.
- ✓ The Department of State should immediately begin to remove expired records from the Records Center.
- ✓ The Department of State should amend its policy of waiting for customer agencies' written authorization to dispose of records and give agencies a 30-day grace period in which to respond to the Notice of Intent to Dispose of Records. After 30 days have lapsed, the department should proceed with disposal of the records. The department should also impose storage fees on agencies that do not respond to the Notice of Intent to Dispose of Records.

Matter for Legislative Consideration

- ✓ The legislature may wish to consider imposing a storage fee on state agencies that do not respond to the Notice of Intent to Dispose of Records.

Does the Archives and Records Program provide quality microfilm service at the lowest cost?

What We Found

- State Archives charges government agencies 5 cents per image for microfilm services while private vendors offer comparable services at rates ranging from 2.9 cents to 3.45 cents per image.
- The Microfilm section currently spends over \$103,000 in salaries and benefits for two unclassified marketing employees who report conducting little to no marketing activities. Furthermore, the Microfilm section does not need a marketing function because state law directs agencies to use the section.
- The Microfilm section has three and one-half employees functioning in a supervisory capacity over a staff of four. Employees functioning in a supervisory capacity include a Marketing Director, Assistant Marketing Director, one full-time Marketing Manager, and one part-time Marketing Manager. The combined salaries and benefits of the four supervisory level employees exceed \$182,000.

- Since the Microfilm section's acquisition of new microfilming equipment in late 2000, the quality of work produced by the section is comparable to the quality of work produced by private vendors.

Recommendation

- ✓ After State Archives and the Office of Information Technology develop a comprehensive records management plan that endorses the use of electronic record keeping for permanent records, the Microfilm section within the department should be scaled back to offer limited services. Government agencies can contract for microfilm services with private vendors at a cheaper price than offered by the department's Microfilm section.

Matter for Legislative Consideration

- ✓ After a statewide comprehensive records management plan has been developed that includes guidelines for microfilming, the legislature may wish to consider amending R.S. 44:415 to allow agencies to contract directly with private vendors without obtaining approval from the state archivist.

Louisiana Legislative Auditor

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STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of State
Records Management

September 2001



Performance Audit

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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Department of State Records Management

September 2001



**Performance Audit
Office of the Legislative Auditor
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor**

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September 19, 2001

The Honorable John J. Hainkel, Jr.,
President of the Senate
The Honorable Charles W. DeWitt, Jr.,
Speaker of the House of Representatives

Dear Senator Hainkel and Representative DeWitt:

This performance audit report gives the results of our performance audit of the Department of State: Records Management. This audit was conducted under the provision of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

This report contains our findings, conclusions, and recommendations. Appendix C contains the Department of State's response. The report also identifies matters for legislative consideration. I hope this report will benefit you in your legislative decision-making process.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle", is written over a horizontal line.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK/dl

[DOS01]



Office of Legislative Auditor

Performance Audit Department of State: Records Management Executive Summary

The primary purpose of the Archives and Records Program (State Archives) is to provide a statewide system of managing and preserving government records and to do so efficiently and economically. The results of this performance audit are as follows:

Electronic Imaging *(See pages 5 through 10 of the report.)*

- Governmental agencies in Louisiana incur additional costs to store paper versions of permanent electronic records because State Archives' imaging policy does not recognize electronic imaging as an acceptable means of storing permanent records.
- State Archives has not developed specific electronic imaging standards or guidelines to assist state agencies in developing electronic record keeping systems.

Retention Schedule Process *(See pages 11 through 14 of the report.)*

- The Records Center accepts records from agencies that do not have retention schedules, which results in additional work for Records Center staff.
- The Records Center and state agencies spend unnecessary time processing requests for authorization to dispose of records in the agencies' possession even though a retention schedule for the records already exists.
- The efficiency with which records are managed by agencies and State Archives is greatly diminished because only about 10% of state governmental agencies, boards, and commissions have retention schedules approved by State Archives.

The Records Center *(See pages 15 through 20 of the report.)*

- Some state agencies are dissatisfied with the amount of time required to get their records into storage at the Records Center. Some agencies reported having to wait up to 6 months. As a result, agencies have begun to pay for private storage facilities.
- At least one-third of the 40,000 boxes of records in the Records Center have expired disposal dates. Failure to remove these boxes creates delays for agencies desiring to store records.

Microfilm Services *(See pages 21 through 26 of the report.)*

- State Archives provides microfilm services to state agencies at a higher cost than private microfilm vendors.

Introduction

Audit Initiation and Objectives

State law directs the Office of the Legislative Auditor to conduct at least one performance audit of one program in each of the twenty executive branch departments over a seven-year period. The Department of State (the department) was selected based on the predetermined schedule of audits of the Performance Audit Division.

We focused our efforts on the Archives and Records Program. Specifically, we concentrated our audit on the areas of records management, operations of the Records Center, the microfilm section, and electronic imaging of records. Appendix A describes the scope and methodology for this audit. The audit objectives were to answer the following:

- **Is the use of electronic imaging reducing the demand for storage space?**
- **Does the Archives and Records Program's use of retention schedules ensure efficient use of its Records Center?**
- **Are the Records Center's customers satisfied with its services?**
- **Does the Archives and Records Program provide quality microfilm services at the lowest cost?**

Background

Article IV, Section 7 of the Louisiana Constitution of 1974 creates the Department of State. The secretary of state heads the department and is the chief election officer of the state. In fiscal year 2000, the department had 185 employees and expenditures of \$12,513,444. Each of the department's five programs and a brief description of its function is listed below:

- Administrative - provides financial and legal services to all other programs within the department
- Elections - handles all elections functions except for storing and maintaining voting machines and voter registration
- Museums - maintains and manages the Old State Capitol, the Louisiana State Exhibit Museum in Shreveport, the Louisiana Cotton Museum, the Caddo-Pine Island Museum, the Old Arsenal Museum in Baton Rouge, and two gift shops
- Archives and Records - oversees the management of state records, keeps the state archives, and has a microfilming operation and also operates a research library
- Commercial - incorporates businesses and processes business documents, runs the First Stop Shop, and handles Uniform Commercial Code security filings

We focused on the Archives and Records Program and its functions for our performance audit. We did not review operations of the research library during the course of our work. This program is commonly referred to as State Archives. During fiscal year 2000, this program had 46 employees, which is 25% of the department's total workforce. Also, in fiscal year 2000, the Archives and Records Program had expenditures of \$2.5 million, which is about 20% of the department's budget.

Louisiana Revised Statute (R.S.) 44:401 creates the program and provides that the Archives Program is to provide a statewide system of managing and preserving government records. The state archivist is responsible for carrying out the functions of the Archives and Records Program, according to R.S. 44:404.



State
Archives
Building in
Baton Rouge
(April 2001)

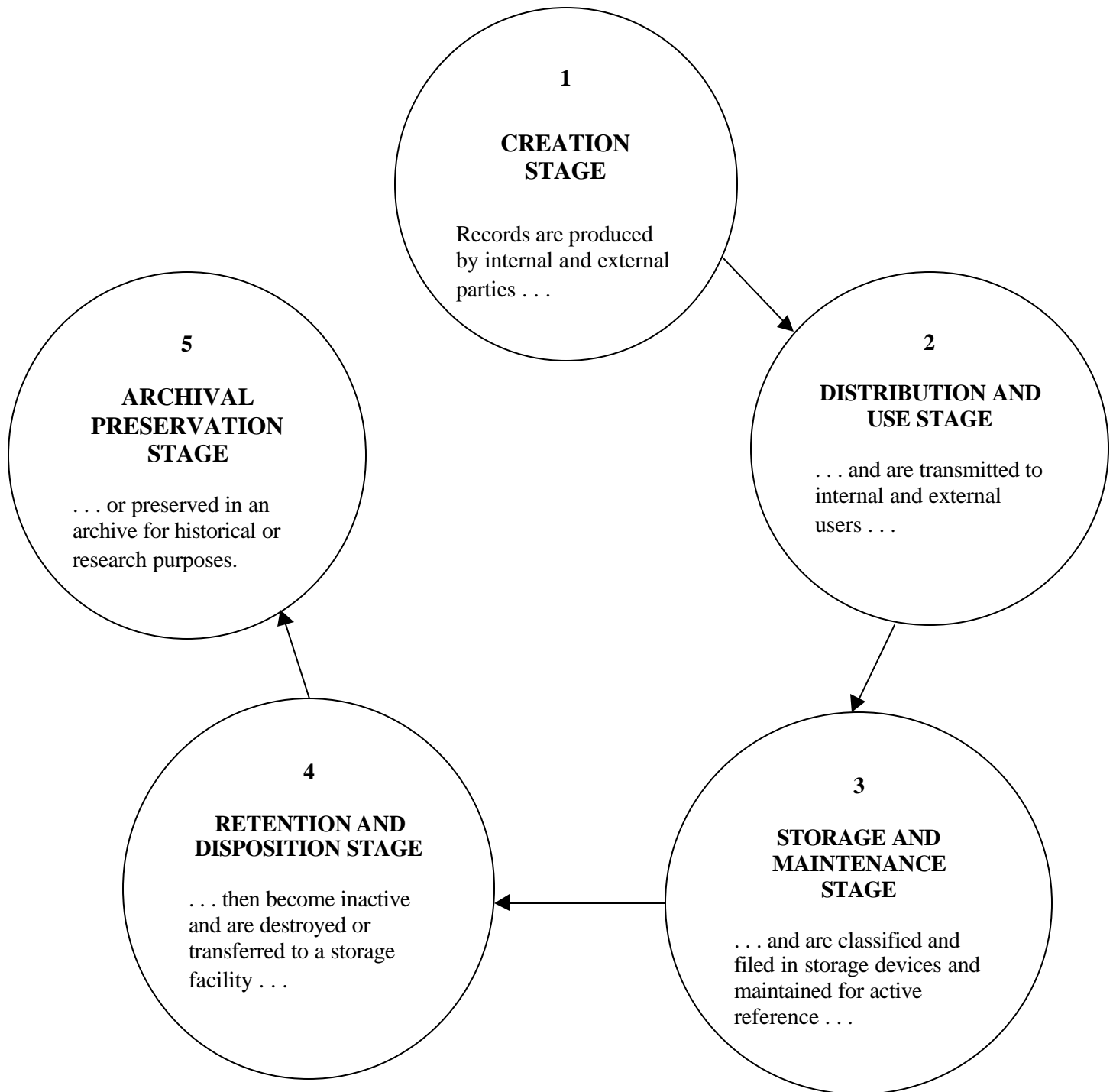
State Archives and agencies use retention schedules to help manage and preserve records. Retention schedules are documents that list the type, location, form, and period of time records should be kept. R.S. 44:411(A)(1) requires the head of each governmental agency (state and local) to submit a retention schedule to State Archives for approval.

Exhibit 1 on page 3 depicts the life cycle of a record, beginning with its creation. Storing documents is an important element in managing and preserving records. Records can be stored in a paper or electronic format. Some agencies have chosen to store their paper records in their own facilities while other agencies use the Records Center, which is located in the Archives Building in Baton Rouge. According to R.S. 44:402(8), the purpose of the Records Center is to provide economical storage, processing and servicing of inactive records of state and local agencies of Louisiana. Currently, approximately 40,000 boxes of records are stored in the Center.

Another function of State Archives is microfilming. Microfilming records is another way to manage and preserve them. R.S. 44:415 establishes State Archives' microfilm operation as the centralized microfilm center for the state. During fiscal year 2000, the Microfilm section, which is located in the Archives Building, produced 3.2 million microfilmed images.

Exhibit 1

Stages in the Life Cycle of a Record



Source: Information and Records Management, 4th edition, 1996, Robek, Brown, and Maedke (used in the 1997 Regional Records Management Seminar Series presented by the Secretary of State, Division of Archives, Records Management & History)

Electronic Imaging

Is the use of electronic imaging reducing the demand for storage space?

The use of electronic imaging in government agencies may not have significantly reduced the demand for storage space within State Archives' Records Center and within private storage facilities. The continued demand for paper storage can be attributed to the following:

- State Archives' imaging policy supports the retention of paper originals.
- Personnel within some government agencies have a personal preference for paper and are unfamiliar with computer technology.
- Government agencies may not be aware that State Archives' policy allows for disposal of paper originals for electronically imaged *temporary* records.
- State Archives lacks a strong information technology component.

State Archives' imaging policy generally requires that the paper original or microfilm copy of the original be retained if the electronically imaged record has a retention value *greater than 10 years* (permanent record). In addition to fostering the need for paper storage, the policy has created inconvenience and costs for some agencies that are scanning permanent records.

Although State Archives recognizes electronic imaging as an acceptable storage medium for records with retention values of *10 years or less* (temporary records) without requiring that the paper original or microfilm copy be retained, we could find little evidence to show that agencies are disposing of temporary records after they have been scanned. This situation may be attributable to the preference for hardcopies versus electronic images within some agencies. Also, agency personnel may be unaware that State Archives permits the disposal of paper originals when the record is temporary. As a result, agencies are spending unnecessarily to store paper records that can be destroyed.

In addition, State Archives offers little to no input to state agencies in developing electronic information systems and has not developed electronic imaging standards for agencies to follow. State Archives' lack of a strong information technology component may contribute to the continued demand for paper storage as well as the demand for microfilm services. If State Archives were to offer guidance and input in the development and maintenance of information systems, agency personnel might feel more confident to dispose of paper originals.

Recommendation 1: The Department of State should work with the Office of Information Technology within the Division of Administration to develop a statewide comprehensive records management plan that includes policies relating to the long-term storage and maintenance of *permanent records* (records to be retained more than 10 years). The department with guidance from the Office of Information Technology should also develop electronic imaging standards and provide guidance to government agencies on developing and maintaining information systems.

The statewide plan should be posted on the department's Web site so that it will be readily accessible to agencies.

Summary of the Department of State's Response: The Department of State is willing to work with the Office of Information Technology within the Division of Administration in developing electronic imaging standards. However, the department stated that it was excluded from the task force created to research standardization in the areas of document and records management and other vital projects these guidelines would address.

Recommendation 2: The Department of State should inform and encourage government agencies to immediately dispose of the paper originals of electronically imaged *temporary records* (records with retention periods of 10 years or less). Although State Archives' imaging policy permits the disposal of these records, some agencies are continuing to store the paper originals after the records have been scanned. By encouraging agencies to dispose, the need for costly paper storage will be reduced.

Summary of the Department of State's Response: The Department of State partially agrees with this recommendation. The department stated it encourages agencies that use optical imaging for their *temporary records* (those with retention requirements not exceeding 10 years) to dispose of their paper originals once they have been imaged. However, it is difficult for the Department of State to provide guidance with this matter if agencies do not schedule their records as required by law.

State Archives' Imaging Policy Increases Costs to Agencies

Louisiana state government is becoming increasingly automated. In March 2000, the Center for Digital Government ranked Louisiana in the overall top 20 in how state governments are using digital technology. In its "Grading the States" report, *Governing Magazine* ranked Louisiana a B- for information technology up from a previous ranking of C-. The legislature has responded to state government's increased use of electronic imaging by recently enacting legislation that endorses the use of electronic imaging in government transactions (R.S. 9:2601-2620) and that establishes the Office of Information Technology. The Office of Information Technology has authority over all information technology systems and services for agencies in the executive branch of state government. Also, of the nine agencies we surveyed, eight have ongoing scanning operations in at least one division or section of the agency. The other agency is considering the purchase of scanning equipment.

As state agencies increase their use of electronic imaging, the State Archives' imaging policy is creating unnecessary cost for many of them. Exhibit 2 on the following page shows the provisions of R.S. 44:39(A)(2)(a) and the State Archives' imaging policy.

Exhibit 2 R.S. 44:39(A) and State Archives' Imaging Policy	
R.S. 44:39(A)(2)(a)	When electronic digitization is utilized, the original source document or microfilm of such source document shall be maintained until such time as electronic digitization is recognized as an acceptable means of records preservation.
State Archives Imaging Policy	<p>The State Archivist recognizes electronic digitizing (imaging) as an acceptable means of records preservation for the maintenance of records to be retained for a period of ten years or less.</p> <p>Agencies that utilize imaging for the maintenance of records series with retention periods in excess of ten years must maintain the original source document or microfilm of the original source document for the life of the record.</p>
Source: Prepared by legislative auditor's staff using the Louisiana Revised Statutes and documents obtained from State Archives officials.	

The imaging policy, which was established in 1997, eases the requirements of R.S. 44:39(A)(2)(a) by recognizing electronic imaging as an acceptable storage medium for records with retention values of 10 years or less (temporary records). However, the policy does not recognize electronic imaging as an acceptable storage medium for records with retention values greater than 10 years (permanent records). For electronically stored permanent records, the paper original or microfilm copy must also be retained.

To be in compliance with the imaging policy, some agencies that are scanning permanent documents are making additional arrangements for the retention of those documents in another medium. Options include storing the paper originals, microfilming the paper originals, or using an archive writer to convert imaged records to microfilm, all of which are costly. Three of the nine agencies we surveyed are scanning permanent documents and storing the paper originals as follows:

- One agency plans to spend approximately \$70,000 per year on storing permanent records.
- Another agency is retaining the paper and using 45% of its facility for storage.
- A third agency is keeping 140 boxes of old personnel records in its facility.

State Archives officials have not endorsed the use of electronic imaging for *permanent records* (records with retention periods of more than 10 years) because they fear these records will not remain accessible for future generations. It is their position that microfilm is more durable and reliable than electronic media. One official explained that microfilm can be misused, handled roughly and still remain readable while a CD-ROM is easily broken. He added that one needs only a light and a magnifying glass to read microfilm while computer equipment is needed to read a CD-ROM. Also, with electronic information systems, it is important to keep pace with changes in technology so that information will remain accessible and readable. For example, owners of eight track tapes of the 1970s have had to convert to CDs and CD players to continue their listening enjoyment. Without strong migration procedures in place and continued commitment to convert equipment and media, State Archives officials are concerned that records will be lost or become unreadable before the end of their retention periods.

On the other hand, representatives from some of the agencies we surveyed prefer the quality of electronic images as well as the ease of accessing and copying documents that electronic information systems offer. In addition, electronic records can be easily accessed by an agency's internal users as well as the general public through the internet. Agencies will pay an initial cost of hardware and software plus maintenance and upgrading costs associated with electronic information systems. However, the ongoing costs of paper storage, the risks of losing paper records, the effort involved with retrieving and copying both microfilm and paper records all make electronic imaging attractive to some agencies.

In regard to the use of electronic imaging for *permanent records*, State Archives' imaging policy has not kept pace with the policies of states that we surveyed and may be a hindrance to technologically advanced state agencies. A supervisor in the Lifecycle Division of the National Archives and Records Administration (NARA) referred to Louisiana's imaging policy as unrealistic. Second, State Archives' policy is the most restrictive of the eight states we surveyed during the audit. All but one of the states we surveyed recognize electronic imaging as an acceptable medium for permanent records. Appendix B summarizes the imaging policies of the eight states we surveyed. Lastly, the majority of representatives from the nine state agencies we surveyed during the audit would not be opposed to a less restrictive imaging policy. In fact, one state agency has tried without success to obtain from State Archives an exemption from the policy.

The Louisiana legislature enacted Act 244 in the 2001 Regular Session (R.S. 9:2601-2620) that authorizes and makes legally binding the use of electronic records and signatures relating to certain transactions. If a law requires that such an electronic record be retained in its original form, R.S. 9:2612(D) provides that law is satisfied by retention of an electronic record. Therefore, this legislation may ease the requirements of State Archives' imaging policy.

Agencies Not Always Disposing of Paper Records When Imaging Policy Allows

State Archives recognizes electronic imaging as an acceptable storage medium for *temporary records* (records with retention values of 10 years or less) without keeping the original or microfilm copy. But, we found that some agencies continue to retain the paper originals. For example, one state agency we surveyed has been scanning documents with three-year retention periods since 1994. However, the state agency is continuing to store the paper originals in a private storage facility and in State Archives' Records Center.

The practice of retaining paper originals can be attributed to agency personnel's unfamiliarity with automation and personal preferences. According to one agency representative, she would like to dispose of paper originals, but paper offers the agency staff a "sense of security." Agency personnel may also be unaware of provisions within State Archives' imaging policy that allow the disposal of electronically scanned temporary records. In addition to the factors listed above, State Archives' lack of a strong information technology component may be another contributor. State Archives should work with the Office of Information Technology in the Division of Administration to develop a comprehensive records management plan that includes standards for electronic imaging. Because State Archives does not presently offer government agencies guidance in the development of electronic information systems that are conducive to good records management practices, agency personnel may not have confidence in the reliability of their information systems. With guidance and input from State Archives, government agency personnel may be more willing to dispose of paper records. In addition, as the use of electronic imaging for permanent records becomes more prevalent, the demand for costly paper storage and for microfilm services will diminish.

No Standards or Guidelines for Electronic Imaging

State Archives has not developed specific guidelines or standards to direct government agencies in using electronic imaging. The imaging policy provides very minimal guidance, requiring only that agencies do the following:

- Have an approved retention schedule
- Obtain approval from the State Archivist prior to disposal of records
- Include back-up and security methods in the retention schedule
- Store records with like retention values on the same disk or subdirectory

This imaging policy provides no specific guidance on media, format, software, hardware, security processes, back-up procedures, migration plans, or disaster recovery to be used for electronic records. Moreover, the Records Management section of State Archives does not have on staff an individual skilled in information technology, whose responsibilities include developing standards and offering records management guidance to information technology staff of agencies. As a result, state agencies are developing electronic imaging systems with little or no input from State Archives.

State Archives is losing opportunities to offer guidance in the development phase of information systems. Without ensuring that strong records management practices are incorporated into agencies' electronic information systems, the risk increases that records may not be accessible, retrievable, and readable throughout their retention periods.

State Archives has not kept pace with industry trends and the archives departments of the states we surveyed.

- The Council of State Historical and Records Coordinators recommends that state archivists develop training modules and written guidelines for electronic record keeping functional requirements. However, Louisiana's imaging policy provides very general, non-functional requirements.
- The National Association of Government Archives and Records Administrators (NAGARA) recommends that records retention requirements be addressed in the planning and design stages of new information systems. NAGARA also recommends the active involvement and support of line managers who are responsible for information systems to ensure an effective archival program for electronic records.
- Of the eight state archives departments surveyed, at least five have some type of working relationship with the information technology staff of agencies. For example, the Mississippi Department of Archives and History has an Electronic Records Unit that assists agencies with problems. The Texas State Library and Archives Commission hosts joint seminars with the Department of Information Resources for agencies, and The Minnesota Historical Society published a document titled "Trustworthiness of Electronic Records" as an education tool for state agencies.

State Archives and the Office of Information Technology have similar responsibilities. R.S. 44:410(A) requires the State Archivist to develop and coordinate the implementation of standards, procedures, and techniques to improve the management of records and to insure the maintenance and security of records. R.S. 39:15.3, enacted during the 2001 Regular Session as Act 772, charges the Office of Information Technology with establishing information technology standards and guidelines. Because both entities are charged with similar responsibilities, they should work together to develop and implement information technology standards that promote sound records management while minimizing the need for long-term paper storage.

Retention Schedule Process

Does the Archives and Records Program's use of retention schedules ensure efficient use of its Records Center?

The Archives and Records Program (State Archives) does not use retention schedules to achieve the most efficient use of the Records Center. First, the Records Center accepts records from government agencies that do not have retention schedules. Retention schedules are prepared by agencies, with assistance from State Archives, to provide the retention period of all documents produced or received by the agencies. Records Center staff must examine records that are submitted without retention schedules to set retention periods and disposal dates. This practice creates additional work for Records Center staff.

Second, the Records Center and government agencies spend valuable time processing requests for authorization to dispose of documents that are in the agencies' possession. R.S. 44:411(A)(2) requires that agencies seek authorization from State Archives before destroying records in their possession. However, if an agency has a retention schedule that is already approved by State Archives and includes disposal dates, additional review and approval from State Archives prior to disposal is redundant and inefficient.

Finally, the efficiency with which records are managed by agencies and State Archives is greatly diminished because a State Archives official reported that only about 10% of governmental agencies, boards and commissions have approved retention schedules. If adhered to, a retention schedule helps ensure that records will be maintained while they are valuable and disposed of in a timely manner when they are no longer valuable. R.S. 44:411(A)(1) requires the head of each state and local governmental agency to submit a retention schedule to State Archives for approval; however, the law does not include penalties for agencies that do not comply.

As governmental agencies increase their use of electronic imaging and as there is increased awareness that imaged temporary records (those with a retention value of 10 years or less) can be disposed of, more and more paper records can be discarded. This trend of reducing storage of paper records will be exacerbated to the extent that the following occur:

- More governmental agencies adopt retention schedules to classify their records as permanent or temporary.
- Agencies with records in their possession and retention schedules approved by State Archives no longer have to request permission from State Archives to dispose of the records.
- State Archives adopts an electronic imaging policy that allows more electronically scanned permanent paper records to be discarded.

Once these measures are implemented, governmental agencies can scan and immediately discard paper records. The resulting decrease in demand for storage space will not only save agency space and storage costs but should also reduce the need for new building construction.

Recommendation 3: The Department of State should assess a fee to government agencies that attempt to store records without retention schedules in the Records Center. The fee would cover the department's costs for additional time spent by Records Center staff in determining the retention periods of the agency's records. Concurrently, this may encourage agencies to develop retention schedules.

Summary of the Department of State's Response: The Department of State agrees with this recommendation and will develop a strategic plan to implement it at the earliest possible date.

Recommendation 4: The Department of State should post instructions for developing retention schedules on its Web site, along with an example of a properly completed retention schedule.

Summary of the Department of State's Response: The Department of State agrees with this recommendation and has already begun to develop a Records Management Web site.

Matter for Legislative Consideration 1: The legislature may wish to consider amending R.S. 44:411(A)(2) to delete the requirement that agencies with approved retention schedules have to request authorization from the Department of State before destroying records stored in their possession.

Matter for Legislative Consideration 2: The legislature may wish to consider amending R.S. 44:411(A)(1) to include penalties for agencies that do not submit retention schedules to the Department of State.

Matter for Legislative Consideration 3: The legislature may wish to consider imposing a fee on governmental agencies that desire to store records without retention schedules in the Records Center.

Overview of the Retention Schedule Process

R.S. 44:411(A) provides that the state archivist should establish standards for the selective retention of records. Each agency head is required by R.S. 44:411(A)(1) to submit a retention schedule to the state archivist according to the guidelines set by the archivist. A retention schedule is a set of disposition instructions prescribing how long, in what location, under what conditions, and in what form records series should be kept. State Archives assists government agencies in determining the retention period based on the legal, historical, financial and administrative value of the records. Agencies and State Archives use the retention schedules to manage records.

Records Center Accepts Records From Agencies Without Retention Schedules

The Records Center accepts records from agencies that do not have retention schedules. Before storing these records in the Records Center, State Archives staff must examine the records, consult with the agency, and conduct research to develop retention periods for the records. All of these steps slow the intake process. State Archives wants to accommodate agencies regardless of whether they have retention schedules. State law does not prohibit State Archives from accepting records from agencies without retention schedules. By accepting records from agencies that have not developed retention schedules, the Records Center slows the intake process and staff are not used efficiently.

R.S. 49:222(A) gives the Secretary of State the authority to determine and collect certain fees that are necessary to carry out the duties of the office. R.S. 49:222(D) further provides that any fee increase is subject to the Administrative Procedures Act and must reasonably reflect the cost of providing the service.

Requesting Authorization for Disposal of Records Lowers Efficiency

R.S. 44:411(A)(2) instructs agency heads to obtain authorization from the state archivist prior to disposing of records in the agencies' possession. This procedure seems unnecessary for agencies with approved retention schedules because retention schedules include approved disposal dates. Since the retention schedule has already been reviewed and approved by State Archives staff, records disposal requests are redundant and inefficient. Both agency and State Archives staff spend unnecessary time submitting and processing these requests.

The National Archives and Records Administration (NARA), the federal equivalent of Louisiana's State Archives Program, does not require federal agencies to obtain the U.S. Archivist's permission to dispose of records in the agencies' possession. Furthermore, our state's procedure is inconsistent with the provisions of R.S. 44:401(1) that require efficiency and economy in the records management process.

Representatives from five of nine state agencies we surveyed stated that obtaining permission from State Archives before disposing of records in the agencies' possession is unnecessary. Some of the representatives said that an approved retention schedule should be sufficient documentation for disposal. Also, they indicated that upper management at the agency is qualified to determine which records should be destroyed. On the other hand, representatives from two agencies we interviewed stated that State Archives' authorization is necessary because it is a safer practice and protects the agency from liability.

Finally, agencies without approved retention schedules should still seek permission from State Archives before destroying records stored in their possession. This practice will help prevent the improper disposal of records.

Most Agencies Do Not Have Retention Schedules

According to a State Archives official, approximately 90% of state government agencies do not have retention schedules. In arriving at this statistic, State Archives not only counts subdivisions and offices of state departments as separate “agencies” but also includes state boards and commissions as agencies. The lack of retention schedules hinders State Archives and agencies’ ability to manage records efficiently. Without retention schedules, government agencies increase the likelihood of retaining records longer than necessary, which leads to a lack of space for current records. Also, the risk of premature destruction of critical records is greater for those agencies without approved retention schedules.

Many agencies do not have retention schedules for several reasons. First, most government agencies do not have a designated records officer who is responsible for developing retention schedules for the whole agency. Only two of the agencies we interviewed have a records officer for their entire agency. Second, for most of the government agencies we interviewed, the records management responsibilities are decentralized within the agency. Third, none of the agencies we interviewed had written records management policies. Finally, no penalty exists for agencies that do not develop a retention schedule.

R.S. 44:401(1) and 44:410(A) require that the creation, usage, retention, maintenance, and disposal of records be done efficiently and economically. Both efficiency and economy are diminished when only 10% of government agencies have retention schedules. As a result, agencies may be paying to store documents with little or no value. Also, the risk increases that agencies are disposing of records prematurely.

The Records Center

Are the Records Center's customers satisfied with its services?

Of the nine state agencies we surveyed during the audit, most were satisfied with the services received when retrieving records from the Records Center. However, many of the nine state agencies were dissatisfied with the amount of time required to get records into the Records Center. Some agencies reported waiting from two weeks to six months for records to be accepted by the Records Center. Records Center officials cite lack of shelf space and manpower as the reasons for the delay in record acceptance. Some agencies are incurring costs for use of private storage facilities in lieu of the Records Center. Agencies that continue to use the Records Center are faced with the inconvenience of waiting for records to be accepted.

A Records Center official estimated one-third of the 40,000 boxes currently in the Records Center contain records that are beyond their disposal date. Some records could have been disposed of ten years ago. Records Center officials have not sent requests to dispose of records to government agencies since 1999. These officials attribute the storage of so many boxes that should have been destroyed to a shortage of staff. Consequently, the failure to remove expired records from the Records Center's shelves is creating delays in the intake process as well as increased costs and inconvenience to government agencies.

In addition, the State Archives' policy of waiting for customer agencies' written authorization prior to disposal of expired records contributes to boxes not being disposed of timely. The Records Center's policy creates additional work for its limited staff and delays removal of expired records from the Records Center's shelves. As a result, agencies are experiencing lengthy delays in getting records into the Records Center.

We previously recommended that State Archives should inform and encourage governmental agencies to dispose of paper originals of electronically imaged temporary records. As the usage of electronic records storage continues to increase, there should be fewer paper records to store and thus less demand to retrieve paper records from physical storage in the Records Center and elsewhere.

Recommendation 5: The Department of State should schedule customers for the records intake process and also schedule time solely for the removal of expired records from the Records Center's shelves. Developing a schedule for at least one year into the future will allow Records Center staff to better serve their customers by anticipating the number of boxes that will arrive. Also, scheduling days for the removal of expired records will ensure that space is available for new boxes.

Summary of the Department of State's Response: The Department of State agrees in part with this recommendation. However, it prefers a scheduling period of shorter duration.

Recommendation 6: The Department of State staff should immediately begin to destroy expired records. Space will thereby be made available for storing more boxes, which will alleviate the inconvenience and reduce the need for private storage for some government agencies.

Summary of the Department of State's Response: The Department of State agrees with this recommendation. The department anticipates its entire backlog being disposed of by the end of the current fiscal year.

Recommendation 7: The Department of State should amend its policy of waiting for customer agencies' written authorization to dispose of records and give agencies a 30-day grace period in which to respond to the Notice of Intent to Dispose of Records. The Records Center should use certified mail to notify agencies. If the agency has not responded within the 30-day period, the Records Center should proceed with disposal of the records. As an alternative, pursuant to R.S. 49:222 and by following the Administrative Procedure Act, the Department of State may wish to charge storage fees to cover its costs of storing records beyond their disposal date for agencies that do not respond to the Notice of Intent to Dispose.

Summary of the Department of State's Response: The Department of State agrees with this recommendation and will implement the recommendation at the earliest possible date.

Matter for Legislative Consideration 4: The legislature may wish to consider imposing a storage fee on state agencies that do not respond to the Notice of Intent to Dispose of Records.

Overview of the Records Center

R.S. 44:408 establishes the Records Center and requires that the Records Center accept all records transferred to it through the operation of retention schedules. The Records Center has 16,320 square feet of storage space and currently houses approximately 40,000 boxes of records for 290 governmental agencies, of which approximately 95% are state agencies. The 290 agencies include different offices and divisions within a single state department. The Records Center stores inactive records at no charge to agencies. Customer agencies must deliver and retrieve records at their own expense.



This picture shows the interior of the Records Center. The boxes on the dolly in the Records Center's aisle will be moved when employees find space for them on the shelves.

Lack of Shelf Space Delays the Records Intake Process

Of nine agency representatives surveyed during the audit, six expressed dissatisfaction regarding the intake process at the Records Center. Some agencies said they must wait from two weeks to six months before the Records Center will accept records for storage. One agency representative spoke of three occasions when her agency attempted to deliver less than 50 boxes of records to the Records Center. She was told one of the following statements each time she called the Records Center:

- There was no staff to receive the boxes.
- There was no available space within the Records Center.
- Call back in two weeks.

Instead of using the Records Center, some agencies are incurring costs to store records in private facilities. For instance, one state department we surveyed spends about \$80,000 annually to store records. We were told that 30% of these records are inactive and could be stored at the Records Center. Those agencies that continue to use the services of the Records Center are faced with inconveniences that create inefficiency in their operations. Of the agencies surveyed, two reported having to store boxes temporarily in hallways or administrative offices while waiting for openings in the Records Center.

The delay in accepting records is due to a lack of shelf space within the Records Center, according to officials there. A representative from one of the agencies we surveyed reported having to wait two weeks before having records accepted into the Records Center; however, the

Records Center is currently holding an estimated 100 boxes of records for that agency that could be destroyed.

Also, the intake process is delayed because of insufficient human resources. According to Records Center officials, one part-time and two full-time employees work in the Records Center.

One modification that might alleviate the intake problem is scheduling departments for records drop-offs. The Records Center could dedicate certain days for records intake and other days for disposal of expired records. We discussed this proposal with a Records Center official who agreed that scheduling drop-offs might help improve the intake process.

At Least One-Third of the Record Center's Inventory Could Be Destroyed

A Records Center official estimated that one-third of the inventory is ready for disposal. We selected 1,725 boxes of records in the Records Center and found that 1,139, or 66%, of them were beyond their disposal dates. Some boxes of records had disposal dates as old as January 1991. However, the majority of the boxes of records that we observed were due for disposal on or before July 2000. The photograph below shows boxes of records that could have been destroyed four years ago (bottom row).



Disposal dates on these boxes in the Records Center range from January 1997 to January 2001. This photo was taken in April 2001.

Records Center officials attribute so many boxes being eligible for disposal to a shortage of staff. As previously mentioned, the Records Center employs one part-time and two full-time employees. A great portion of the work involves manual labor. Responsibilities include, but are not limited to:

- Receiving and processing new records
- Retrieving records currently stored
- Submitting requests to dispose of past due records to customer agencies twice per year
- Removing and arranging for disposal of past due records
- Processing requests for disposal for boxes not held within the Records Center

R.S. 44:402(7) defines records management as the systematic application of management techniques for the purpose of reducing costs and improving efficiency of records keeping systems. R.S. 44:410(A) authorizes the state archivist to make provisions for the economical and efficient management of records by state governmental agencies by effecting the efficient and economical utilization of space, equipment, supplies. However, because so many of the records could be destroyed, the Records Center lacks shelf space for current records. In addition, records storage is backing up into agency facilities and even into private storage. As a result, agencies are incurring storage costs. If the 1,100 boxes we found to be eligible for disposal were removed, more room would be available for agencies to submit records.

Consequently, some agencies spend thousands of dollars annually on private storage facilities. For instance, as previously mentioned, one agency representative told us it spent \$80,000 for records storage in fiscal year 2001, and that 30% (\$24,000) of these records were inactive, temporary records that could have been stored in the Records Center. The agency expects to spend \$100,000 for records storage in fiscal year 2002, and again, about 30% (\$30,000) of its records are temporary and could thus be stored in the Records Center, if space were available.

“Written Permission to Dispose” Policy Causes Large Number of Expired Records

The Records Center’s policy of waiting for the customer agency to authorize disposal of expired records contributes to the large number of records being kept on the shelves well past their disposal dates. R.S. 44:408(B) requires only that the state archivist submit written notice to inform the customer agency of intended disposal of records in accordance with approved retention schedules. However, the Records Center waits to obtain the agency’s written authorization before disposing of records.

According to a Records Center official, requests to dispose are usually sent to customer agencies in January and July of each year. Because of a shortage of staff, requests have not been submitted for records that were due for disposal after July 1999. Instead of notifying agencies of intended disposal, Records Center staff must additionally process written responses and follow-up with unresponsive agencies. This policy creates additional work for a limited staff. As more government agencies move to electronic imaging of records, there will be less need to store paper records in the Records Center.

Furthermore, the majority of records stored in the Records Center have disposal dates that are based on retention schedules prepared by customer agencies and approved by State Archives. Therefore, requesting authorization to dispose of records from customer agencies is duplicative and is not required by state law.

Representatives from four of the nine agencies we surveyed believe that the Records Center's policy of waiting for written permission prior to disposal of records is unnecessary. Some of these representatives would not be opposed to simply being notified of the Records Center's intent to dispose.

Three possible solutions to improve this process are:

- Use certified mail to notify agency officials that boxes have become due for disposal
- Amend the department's present policy and grant agencies a 30-day grace period in which to respond to the Notice of Intent to Dispose of Records
- If agencies do not respond within the 30-day grace period, the Records Center could either begin disposing of the boxes or seek authority to begin charging the agency a storage fee on the expired records.

These recommendations should encourage the Records Center's customers to cooperate in the disposal of their expired records.

In fiscal year 2000, the National Archives and Records Administration (NARA), the federal equivalent to State Archives, began requiring its records centers to wait for written authorization from customer agencies prior to disposal. However, NARA's records centers were also authorized to begin charging storage fees. As a result, federal agencies using NARA's records centers are likely to respond promptly to requests for disposal to avoid additional storage fees. Conversely, State Archives' Records Center does not impose any storage fees; therefore, customer agencies may not be compelled to respond to requests for disposal as readily.

Microfilm Services

Does the Archives and Records Program provide quality microfilm services at the lowest cost?

State Archives provides microfilm services to state agencies at a higher cost than private microfilm vendors. State Archives charges government agencies 5 cents per image for microfilm services while private microfilm vendors offer comparable services at rates ranging from 2.9 cents to 3.45 cents per image. The actual per image cost for work produced solely by the Microfilm section in fiscal year 2000 was 6.6 cents per image. In contrast, State Archives used two private vendors in the same fiscal year at actual costs of 3.1 cents and 3.3 cents per image. The 6.6 cents per image figure includes a minimal amount of administrative costs associated with operating the Microfilm section. R.S. 44:415 establishes State Archives' microfilm operation as the centralized microfilm center for the state, requiring that agencies use the Microfilm section or obtain the state archivist's approval prior to contracting with a private vendor.

We found that since the Microfilm section's acquisition of new microfilming equipment in late 2000, the quality of work produced by the section is comparable to the quality of work produced by vendors.

Finally, the Microfilm section currently spends over \$103,000 in salaries and benefits annually for two unclassified marketing employees who conduct little to no marketing activities. Furthermore, the Microfilm section does not need a marketing function since state law directs state agencies to use State Archives for microfilm services.

Recommendation 8: After State Archives and the Office of Information Technology develop a comprehensive records management plan that endorses the use of electronic record keeping for permanent records, the Microfilm section within the Department of State should be scaled back to offer limited services, such as microfilm imaging for specialized projects, microfilm storage, and in-house microfilming for the department. Government agencies can contract for microfilm services with private vendors at a cheaper price than offered by the department's Microfilm section.

Summary of the Department of State's Response: The Department of State does not agree with this recommendation. Until optical imaging is universally recognized as a viable preservation medium for records with long-term or permanent retention value, the department contends its policy of either requiring maintenance of the original source document or conversion of the original source document to microfilm is the most feasible means of safeguarding the state's historical records.

The Department of State does not agree that agencies can contract for services with private vendors at a cheaper price than that offered by its Microfilm section. According to the department, it provides more services to its clients than they can receive from the private sector. The department is also concerned with the future accessibility of records

microfilmed by private vendors. Furthermore, the department stated that State Archives is better equipped to maintain the original silver film for agencies.

Recommendation 9: The Department of State should discontinue the marketing function within the Microfilm section. State law directs government agencies to use the services of the Microfilm section. By discontinuing the marketing function, the Department of State can save over \$103,000 in salaries and benefits annually.

Summary of the Department of State's Response: The Department of State partially agrees with this recommendation. The department will incorporate its marketing personnel into its overall Records Management program.

Matter for Legislative Consideration 5: After a statewide comprehensive records management plan has been developed that includes guidelines for microfilming (see Recommendation 1), the legislature may wish to consider amending R.S. 44:415 to allow agencies to contract directly with private microfilm vendors without obtaining approval from the state archivist. Agencies should be allowed to obtain microfilm services at the lowest available cost as long as the quality is acceptable and the agency adheres to microfilm guidelines established in the statewide records management plan.

Overview of State Archives' Microfilm Operation

The Microfilm section within State Archives provides microfilm services to government agencies in accordance with R.S. 44:415. This law provides that the Microfilm section of the records management program shall be the centralized microfilm center for the state. The statute also provides that agencies shall obtain the approval of the state archivist prior to contracting with any other vendor.

The services offered by the section include microfilm and microfiche imaging in addition to services that do not include imaging, such as developing or duplicating film. State Archives charges agencies a rate of 5 cents per image for microfilm and microfiche images. Eight employees work in the microfilm section. According to documents obtained from the section, these employees produced 3,212,651 images in fiscal year 2000.

The Microfilm section farms out some of its work to a microfilm vendor. The latest vendor, Document Management Systems, contracts with State Archives at a rate of 2.9 cents per microfilm image. Including work performed by the vendor, the section produced a total of 7,811,150 images in fiscal year 2000.

Agencies Spending Too Much for Microfilm Services

We found that microfilm services provided by State Archives are more costly than services provided by private vendors. In fiscal year 2000, the Department of State spent \$212,273 to staff and operate the Microfilm section. This figure is exclusive of costs related to using vendors. When considering the number of images the section produced, the actual cost was 6.6 cents per image. On the other hand, one of the vendors used by State Archives during fiscal year 2000 produced 3,664,219 images at an actual cost of 3.1 cents per image. The 6.6 cents per image figure includes a minimal amount of administrative costs associated with operating the Microfilm section. Exhibit 3 below compares the fiscal year 2000 cost and production level of the Microfilm section and the two vendors used by the section to assist with the workload.

Exhibit 3 State Archives' Microfilm Section Compared to Private Vendors - Production and Cost Data Fiscal Year 2000			
Provider	Number of Images Produced	Cost to State	Approximate Cost per Image [Not Contract Cost]
State Archives' Microfilm Section	3,212,651	\$212,273*	6.6 cents
Document Management Systems	3,664,219	113,722+	3.1 cents
Lason	934,280	31,247+	3.3 cents
Total	7,811,150	\$357,242	
*Includes cost of miscellaneous services provided by State Archives, such as developing and duplicating and some administrative costs +Includes cost of supplies purchased by State Archives in addition to per image costs specified in the contracts			
Source: Prepared by legislative auditor's staff using information obtained from Department of State officials.			

We also found that when state agencies contract directly with a vendor, without going through State Archives, vendor costs remained lower than the Microfilm section's costs. The following are examples.

- A division of the Department of Public Safety - Public Safety Services currently contracts with a private vendor for microfilming services at a cost of 3.45 cents per image.
- According to an official with the Office of State Purchasing, bid prices for microfilm services range from 2.9 cents to 3.45 cents per image.

Even though private vendors can provide more economical microfilm services, R.S. 44:415 establishes the microfilm section as the state's central microfilm service and requires that agencies obtain approval from the state archivist prior to contracting with a private vendor. The National Archives and Records Administration (NARA), the federal equivalent of State Archives, does not require federal agencies to use the microfilm services offered by NARA-operated records centers. Heads of federal agencies are free to use the services of private vendors.

Government agencies that use the services of the Microfilm section spend 5 cents per image. Based on information provided by an official with the Office of State Purchasing, private microfilm vendors offer comparable services at an average rate of 3.1 cents per image. Government agencies that use the services of the Microfilm section can contract directly with private vendors and save an average of 1.9 cents on every image. In fiscal year 2000, government agencies could have collectively saved over \$148,000 annually by using private vendors. This amount represents the difference between what government agencies paid in fiscal year 2000 to have 7.8 million images produced by the Microfilm section and what government agencies could have paid to have those images produced by a private vendor at an average cost of 3.1 cents per image.

If the Microfilm section were scaled back, we found that private vendors are capable of taking over its workload. According to an official with the Office of State Purchasing, the microfilm industry is very competitive. She reported that a Request for Proposal (RFP) or bid usually generates five offers. In examining how the elimination of the Microfilm section might impact agencies with small microfilm projects, we found that the Office of State Purchasing can take advantage of economies of scale by arranging for "statewide competitive bid contracts." In these types of arrangements, the Office of State Purchasing contracts with a vendor for a large volume of work and then allows various agencies to purchase the services from the vendor at the contract rate.

Quality of State Archives' Microfilm Comparable to Vendors'

At the present time, the quality of images produced by the Microfilm section is comparable to the quality of work produced by the section's contract vendor. According to Microfilm section officials, quality was a problem prior to the purchase of a new duplicator and processor in late 2000. Since the installment of new equipment, there have been few complaints regarding missing pages and too light or too dark images. Through survey of state agencies, we found that occasional problems, caused by human error, occur with the vendor's work as well as with the Microfilm section's work.

No Quantifiable Value to Marketing Function

The Microfilm section employs a marketing director and an assistant marketing director. Both positions are unclassified. According to job descriptions provided by the Department of State's Human Resources section, duties of both positions include promoting awareness that the Secretary of State offers comprehensive microfilming services and actively soliciting records preservation work from other state entities.

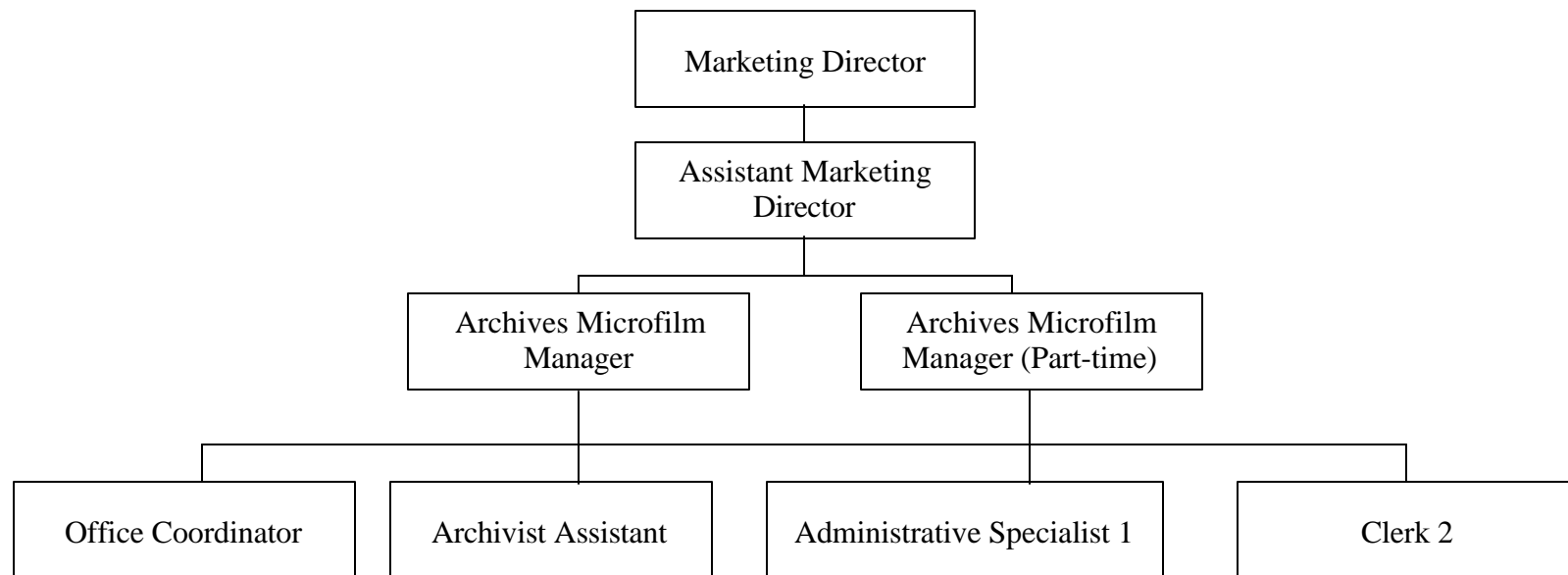
We found that the incumbents perform little to no marketing activities. When asked about their marketing duties, they could offer no specifics. The marketing director reported he is responsible for administering driving tests to Department of State staff every two years and plans to make arrangements for staff to undergo cardiopulmonary resuscitation training. He explained he is new to the position and plans to make visits to hospitals and other state agencies to market microfilm services. The assistant marketing director explained that he spends a great portion of his time performing miscellaneous tasks for upper level personnel within the Department of State while also handling administrative duties and tasks for the Microfilm section. He reported he has made sales calls but could only name two agencies where calls had been made. When asked about the results of marketing efforts, he could account for no new work.

Even more importantly, the Microfilm section does not need a marketing function. Nearly half of the workload is routinely farmed out to a vendor because jobs are too large for the section staff to handle. Increasing the workload would require that the section hire additional staff or contract out more work to the vendor.

The section has three and one-half employees functioning in a supervisory capacity over a staff of four. Exhibit 4 on the following page shows the organizational structure of the Microfilm section. Those functioning in a supervisory capacity include the marketing director, assistant marketing director, one full-time microfilm manager, and one part-time microfilm manager. In the Department of State's Budget Request for FY 2001-2002, the combined salaries and benefits of these four supervisory level employees total \$182,369.

Spending over \$103,000 in salaries and benefits for a marketing function that adds little, if any, value to operations, and employing three and one-half supervisors over a staff of four is inconsistent with the economy and efficiency requirements of R.S. 44:401 *et seq.*

Exhibit 4
Department of State
Organizational Structure of Microfilm Section



Source: 2001 Department of State Organizational Chart and discussion with department officials.

APPENDICES

APPENDIX A

Scope and Methodology

Appendix A: Audit Scope and Methodology

This performance audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. All performance audits are conducted in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States.

Scope

This audit focused on the Archives and Records program of the Department of State. More specifically we concentrated our work in the areas of records management, operation of the Records Center, the Microfilm section, and electronic digitizing of records. This audit covers the fiscal year ending June 2000. Some parts of this audit also cover the fiscal year ending June 2001.

Methodology

In order to gain an understanding of the laws, rules and procedures that govern the Archives and Records program, we completed the following procedures:

- Reviewed the Louisiana Revised Statutes and departmental policies, procedures and other internal documents related to the Archives and Records program
- Reviewed the Executive Budget and Budget Request for fiscal year 2002, and previous audit reports by the Financial and Compliance and Performance Audit Divisions of the Office of the Legislative Auditor

To determine if the Archives and Records program's use of retention schedules ensures efficient use of the Records Center and also to determine if the Records Center's customers are satisfied with its services, we performed the following procedures:

- Interviewed officials with records management responsibilities at nine state departments and commissions concerning their records management procedures and their experiences with services provided by the Archives and Records program. Selected the nine departments and commissions based on various factors, such as a high volume of records; use or non-use of retention schedules; use or non-use of the Microfilm section and Records Center services; and progress in electronic imaging
- Held discussions with Archives and Records officials and toured the department's Archives Building in Baton Rouge to observe operations of the Microfilm section and the Records Center
- Took a sample of 1,725 boxes in the Records Center and counted how many of these boxes had dates on them indicating that they were past due for disposal

We determined if the Archives and Records Program provides quality microfilm services at the lowest cost by doing the following:

- Interviewed officials with microfilming responsibilities of state departments and commissions concerning their experiences using microfilming services, whether provided by the Archives and Records program or by private vendors
- Determined the cost to operate the Microfilm Section in fiscal year 2000. Obtained cost data and information from the Microfilm and Accounting sections of the department and interviewed officials of those sections concerning costs
- Reviewed the department's contracts with outside vendors and determined what it cost to use vendors in fiscal year 2000. Interviewed officials of the Microfilm and Accounting sections to obtain and verify some expenditures associated with using private vendors. Compared vendors' microfilm costs to those of the department
- Determined what role the marketing function has in the department's microfilm operations by interviewing managerial officials in the Microfilm section

To determine if the increased use of electronic imaging is reducing the demand for storage space in state governmental departments, we performed the following procedures:

- Interviewed officials with records management responsibilities at nine state departments and commissions concerning their use of electronic scanning and digitizing
- Interviewed officials of the Archives and Records program
- Interviewed officials of the Division of Administration's Office of Information Technology
- Conducted telephone interviews with archival officials in eight states. Selected Southern states that were identified by industry professionals as having strong archives programs. Selected other states based on their use of electronic imaging
- Conducted telephone interviews with federal officials at the National Archives and Records Administration. In addition, interviewed officials at the American Records Management Association (ARMA) and the National Association of Government Archives and Records Administrators (NAGARA)
- Conducted Internet and other research to obtain policies and procedures of other states, the federal government, and national organizations concerning the use of electronic digitizing

Other Work Performed

We performed various other procedures that we considered necessary to address the audit objectives. These other procedures included data collection, interviews, and analyses.

APPENDIX B

Electronic Imaging Policies of Other States

Appendix B: Electronic Imaging Policies of Other States

	Summary of Policy	If Record Is Permanent*, Must Original or Microfilm Copy Be Retained?	Basis of Policy
Alabama	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. Electronic imaging guidelines available for long-term records. Agencies are not required to follow guidelines. 	No	Guidelines of Alabama Department of Archives and History
Florida	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. Standards are available for records with retention values greater than 10 years. Agencies are required to follow standards. 	No	Statute
Georgia	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for records with retention values of 15 years or less. No record with a retention value of more than 15 years can be retained solely in electronic format; agencies are not required to follow policy. 	Yes	Recommendation of Georgia Division of Archives and History
Minnesota	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. Imaging guidelines must be followed if records have archival value and if original or microfilm copy are not retained. 	No	Statute
Mississippi	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. Imaging standards available for permanent* records; agencies are bound to follow standards. 	No	Administrative Rule

*Permanent records are considered records with archival value.

	Summary of Policy	If Record Is Permanent*, Must Original or Microfilm Copy Be Retained?	Basis of Policy
Missouri	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. If an electronic record has a retention value greater than 10 years, it is recommended that a strong migration policy be developed or the original or microfilm copy retained. 	No	Recommendations of Records Management Division of Secretary of State's Office
New York	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records; however, agencies must ensure that archival electronic records remain usable. Law includes specific guidelines. 	No	Statute
Texas	<ul style="list-style-type: none"> Electronic imaging is an acceptable medium for permanent records. Agencies must establish policies and procedures to ensure that ALL electronic records are accessible throughout their retention periods. Agencies are bound to follow standards and procedures. 	No	Statute and Administrative Code

*Permanent records are considered records with archival value.

APPENDIX C

Department of State's Response

Secretary of State
State of Louisiana

W. FOX MCKEITHEN
SECRETARY OF STATE



RECEIVED
LEGISLATIVE AUDITOR

01 SEP -6 PM 2:38
P. O. Box 94125

BATON ROUGE, LOUISIANA 70804-9125
(504) 342-4479

September 5, 2001

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
Office of the Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Dr. Kyle:

This is to acknowledge receipt of recommendations made by the Office of the Legislative Auditor following the recently completed performance audit of the Department of State's Records Management program.

I have reviewed the nine recommendations compiled by your audit team and our agency's response to each recommendation is attached.

I commend the work of your audit team. The majority of the recommendations they made will enable the Department of State to improve the efficiency of our Records Management program. I have responded at length to those recommendations to which we do not fully or partially agree. I have endeavored to provide as much supporting documentation as possible to enunciate our position concerning these recommendations. I would be more than willing to meet with you at your convenience to discuss further those matters on which we do not agree.

Thank you for your promptness in providing us the findings of our audit, and please do not hesitate to call upon me if I can be of further assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Fox McKeithen", is written over the typed name and title.

W. Fox McKeithen
Secretary of State

Recommendation No. 1:

The Department of State held several discussions recently with representatives with the newly created Office of Information Technology. However, due to the departure of the appointed Chief Information Officer, the Department of State is still unsure as to whom it must contact relative to the development of these policies and procedures. Our agency is more than willing to work with the Office of Information Technology and the Division of Administration in developing the aforementioned standards, but it should be noted the Department of State was excluded from the task force created to research standardization in the areas of document and records management and other vital projects these guideline would address.

Recommendation No. 2:

The Department of State partially agrees with this recommendation. We have always encouraged agencies who utilize optical imaging for their temporary records (those with retention requirements not exceeding ten years) to dispose of their paper originals once they have been imaged. In addition, the Department of State has long encouraged agencies to discard their records in a timely manner once their retention requirements have been satisfied regardless of their format. We are concerned that some agencies are using optical imaging when it is not economically prudent for them to do so. Furthermore, it is difficult for the Department of State to provide guidance with this matter if agencies do not schedule their records as required by Revised Statute 44: 411 (A)(1)(2). Accordingly, it behooves agencies to submit their record retention schedules to the State Archives as required by law. This will allow our Records Management staff to assist agencies in managing their records more economically and efficiently.

Recommendation No. 3:

The Department of State concurs with this recommendation. We will commence developing a strategic plan to implement this recommendation at the earliest possible date.

Recommendation No. 4:

Development of a Records Management web site is a vital component of the Department of State's recently adopted five-year strategic plan. Work has already begun on this project and should be completed this fall. This informational site will feature our Records Management

policies and procedures, forms, a "Frequently Asked Questions" section, and a step-by-step strategy to assist agencies with inventorying their records, appraising those records for retention value, and with the writing of their records retention schedule. We are also working on a hard copy Records Management Handbook to distribute to state and local agencies to assist them in developing and managing their records management programs. It should be noted that last year the Department of State circulated a survey to state agencies, boards, and commissions, to determine which governmental entities were operating without records retention schedules. Informational packets were mailed to those agencies who responded to the survey to assist them in developing their records retention schedules. In addition, our Records Management staff conducted several "on site" visits to agencies to help them in writing their records retention schedules and to evaluate their overall records management needs.

Recommendation No. 5:

The Department agrees in part with this recommendation. While we understand that long range scheduling is beneficial to both us and the agencies which utilize our Records Center, we are nevertheless concerned that the one-year scheduling period may not be as feasible as a scheduling period of shorter duration. We would like to evaluate this recommendation further.

Recommendation No. 6:

The Department of State concurs with this recommendation. We have managed to eliminate the majority of our backlog of expired confidential records recently through use of our industrial shredder coupled with a program of scheduled burns at an incinerator in Vermilion Parish. We continue to utilize recycling for our non-confidential records. We anticipate our entire backlog being disposed of by the end of the current fiscal year. It should be noted, however, our Records Center has long been handicapped by a lack of adequate shelving. This situation developed in 1988 when various sections of the Department of State were relocated to the State Archives building when the lease on its Florida Boulevard facility was terminated. We sought capitol outlay funding for years to construct a separate facility for our Commercial Division to ease the burden on our Records Center. Funding was recently approved for this facility, but we have opted to utilize leased space in the facility behind the State Archives building for our non-archival programs. We anticipate relocating to this facility in November. Plans are for shelving to be erected in the area originally designed as part of our Records Center. This will enable us to better address the needs of agencies using our Records Center for storage of their temporary records.

Recommendation No. 7:

The Department of State agrees with the recommendation of the audit team and will implement this recommendation at the earliest possible date.

Recommendation No. 8:

The Department of State does not concur with this recommendation. Until optical imaging is universally recognized as a viable preservation medium for records with long term or permanent retention value, we contend our policy of requiring maintenance of the original source document or the conversion of the original source document to microfilm is the most feasible means of safeguarding our historical records. The Department of State serves as the official custodian of our state's historical archives. Accordingly, we are concerned with ensuring accessibility to the state's archival records for future generations of citizens. We feel the Department's current policy provides the necessary safeguards for preserving Louisiana's historical records. The Department of State agrees with the National Archives that microfilm is the most trustworthy medium for the long term preservation of archival records. John W. Carlin, Archivist of the United States, offered the following comments on this subject in an April 19, 2001, address to the IEEE Mass Storage Technologies symposium on Systems in San Diego, California:

"We also have in our care hundreds of thousands of government records that date from the Revolutionary War through the 20th century. Many of these records have survived more than a century, even though the National Archives and Records Administration was not created to care for them until 1934.

As you know, the same cannot be said of electronic records. Records created just a few years ago are already unreadable by today's technology.

We cannot even begin to fathom how the hardware and software of the next century will work, and when you combine the rate of technological obsolescence with the explosive number of electronic records being created by the everyday, then you can begin to imagine the challenge that we face at the National Archives and Records Administration.

Believe me, the Y2K problem was a piece of cake compared to this."

Additional support for using microfilm for preserving historical documents is found in one of the leading Records Management books, **Information and Records Management: Document-Based Information Systems**, by Robek, Brown, and Stephens:

"Film is an information medium that can be read with the human eye, and its usefulness is not dependent on the availability of specific hardware and software 10 or 15 years down the road. Joan Mariani Andrew, of Bell and Howell, said in a recent article, 'Industry analysts are quick to dismiss microfilm technology as low tech and out of date in the 90s, but the very fact that it is low tech is what makes it the only storage medium other than paper that is immune to obsolescence.'" (P. 310)

The Department of State does not agree that agencies can contract for service with private vendors at a cheaper price than that offered by our Micrographics Section. Our \$.05 per image rate includes pick up of records, preparation of records for microfilming, evaluation of records to identify documents that do not require microfilming, filming, processing of film, duplication of film, maintenance of security copy for the agency, and the disposal of the original source documents. We feel we provide more services to our clients than they can receive from the private sector. It should be noted our Micrographics Program annually returns revenue to the state's General Fund.

We are also concerned with the future accessibility of records microfilmed by private vendors. Do they maintain a security copy for the agency? If so, do they possess the necessary archival environment for storage of these security copies? Revised Statute 44: 415 mandates the State Archives serve as the centralized microfilm center for the state. No one is better equipped than the State Archives to maintain the original silver film for agencies. We contend all microfilmed records of historical or archival importance should be domiciled at the State Archives to ensure their accessibility in the future.

Recommendation No. 9:

The Department of State recommends refocusing the mission of our microfilm marketing program. Whereas it would still play a vital role in assisting agencies with their microfilming needs, we feel our marketing personnel can also be incorporated into our overall Records Management program. Their duties would be primarily educational in that they would work with agency Records Officers to assist them in appraising and scheduling their records. In addition, they would conduct seminars and workshops throughout the state to educate state and local officials on the importance of proper records management.